

**UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

In re:	§
	§
ALLEGIANCE COMMERCIAL DEVELOPMENT, L.P. 1, et al.,	§ Case No. 10-43853-BTR-11 § (Jointly Administered)
	§
Debtors.	§ Chapter 11 §

**DEBTORS' MOTION TO DISMISS CHAPTER 11 BANKRUPTCY CASES
PURSUANT TO 11 U.S.C. §1112(b) AND REQUEST FOR HEARING IN PLANO, TEXAS**

**TO THE HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE:**

COME NOW, Allegiance Commercial Development, L.P. (“ACD”) and Allegiance Hawks Creek Commercial, L.P. (“AHCC”) (collectively, the “Debtors”), the Debtors-in-Possession in the above-captioned Chapter 11 cases (the “Bankruptcy Cases”), and hereby file their *Motion to Dismiss Chapter 11 Bankruptcy Cases Pursuant to 11 U.S.C. § 1112(b) and Request for Hearing in Plano, Texas* (the “Motion”), and would show as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. Consideration of this action is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

II. BACKGROUND

2. On November 1, 2010 (the “Petition Date”), the Debtors commenced their Bankruptcy Cases by filing Voluntary Petitions for Relief under Chapter 11 of the Bankruptcy Code.

3. The Debtors continue to operate their businesses and manage their properties as

¹ The Debtors are Allegiance Commercial Development, L.P. Case No. 10-43853; Allegiance Hawks Creek Commercial, L.P. Case No. 10-43855.

debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee, examiner, or official committees have been appointed in these Bankruptcy Cases. The Debtors' Bankruptcy Cases are jointly administered under Fed. R. Bankr. P. 1015(b).

4. On February 4, 2011, the Court entered an Order Granting Agreed Motion for Relief from the Automatic Stay and Related Relief as to Real Property (Surface Estate Only), Leasehold Property, Sub-Leases and Rents Claimed As Assets of the Debtors, With Waiver of 30 Day Hearing Requirement and Request for Hearing in Plano [Docket No. 52] ("Lift Stay Order").

5. On February 28, 2011, Debtors filed their Joint Disclosure Statement and Plan of Reorganization. The Debtors originally anticipated being able to sell and/or assign a sufficient number of pieces of property and leases at the Shopping Center to meet the agreed March 30, 2011 Sales Deadline and successfully implement their plan of reorganization. The Debtors still believe they will be able to sell and/or assign property so as to obtain upwards of seven million dollars for payment to LegacyTexasBank ("Bank"), their secured creditor (albeit at a later date).

6. The Debtors currently have two assignment motions pending and do not wish to disturb these hearings. However, due to cash collateral issues and ongoing discussions with the Bank, the Debtors have agreed with the Bank and the US Trustee to dismiss the Bankruptcy Cases at this time.

III. RELIEF REQUESTED

7. Pursuant to section 1112(b) of the Bankruptcy Code, the Debtors seek the entry of an order dismissing their Bankruptcy Cases with prejudice to refilling for a period of ninety (90) days. 11 U.S.C. § 1112(b). The Debtors may request that the Court retain Adversary No. 11-04031, styled *Allegiance Hawks Creek Commercial, LP and Allegiance Commercial Development, LP, Plaintiffs v. Westworth Redevelopment Authority and Chesapeake Exploration, LLC, Defendants*, pending before this Court (the

“Adversary”).

IV. AUTHORITY FOR RELIEF REQUESTED

8. Section 1112(b) of the Bankruptcy Code permits the bankruptcy court to dismiss a Chapter 11 case for cause, in the best interests of creditors and the estate. A bankruptcy court has broad discretion under section 1112(b) to dismiss a Chapter 11 case for cause.

9. The Debtors believe that their estates and creditors will benefit more from dismissal of the Bankruptcy Cases versus additional fees and expenses in connection with conversion or continuing to pursue the reorganization at this time. The Debtors respectfully request that the Court enter an order dismissing the Debtors’ Bankruptcy Cases with Debtors’ consent to dismissal with prejudice for a period of ninety (90) days.

10. The Debtors have paid or will pay all United States Trustee and court fees prior to entry of an order dismissing these Bankruptcy Cases.

11. The Debtors may request that this Court retain the Adversary. This Court may retain the Adversary due to economy, convenience, fairness and comity. *In re Querner*, 7 F.3d 1199 (5th Cir. 1993).

V. CONCLUSION AND PRAYER

WHEREFORE, PREMISES CONSIDERED, Allegiance Commercial Development, L.P. and Allegiance Hawks Creek Commercial, L.P. respectfully request that this Court grant their motion to dismiss, enter an order (a) dismissing these Chapter 11 Bankruptcy Cases with prejudice for a period of ninety days and (b) retaining the Adversary, and (c) granting Debtors such other further relief as this Court deems just and proper.

Dated: April 19, 2011.

Respectfully submitted,

CURTIS | CASTILLO PC

/s/ Jason M. Katz

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**COUNSEL FOR DEBTORS
AND DEBTORS IN POSSESSION**

CERTIFICATE OF CONFERENCE

On April 13, 18 and 19, 2011, the undersigned counsel for the Debtors held a conference regarding the Motion and relief sought with Marc Salitore of the US Trustee's office and Jason Rodriguez, counsel for the lender. Mr. Salitore and Mr. Rodriguez are unopposed to the relief sought in the Motion.

/s/ Jason M. Katz

Jason M. Katz

CERTIFICATE OF SERVICE

This is to certify that, on April 19, 2011, a true and correct copy of foregoing has been served via ecf and US Regular, Mail, postage prepaid on the parties on the attached service list.

/s/ Jason M. Katz

Jason M. Katz